

MONTESANO SCHOOL DISTRICT NO. 66
Grays Harbor County, Washington
September 1, 1991 Through August 31, 1994

Schedule Of Findings

1. District Should Refrain From Making Gifts Of Public Funds And Issue Contracts For Services

During review of Montesano School District we noted that the district provided \$25,000 in support to Montesano Community School, a private nonprofit corporation. This payment was supported by a contract between the district and the community school. However, the district also provided electricity, heat, office space, supplies, insurance, and the use of district facilities to the community school without compensation to the district and without a contract providing for these goods and services.

RCW 42.24.080 states in part:

All claims presented . . . shall be prepared for audit and payment on a form and in the manner prescribed by the division of municipal corporations in the state auditor's office. The form shall provide for the authentication and certification by such auditing officer that the materials have been furnished, the services rendered or the labor performed as described, and that the claim is a just, due and unpaid obligation against the municipal corporation or political subdivision . . .

The district has no authority to provide these additional goods and services outside the scope of a contract to the community school. Furthermore, the district, providing payments to the community school in two \$12,500 installments, paid in advance for educational activities for which district officials have not obtained documentation to support that benefit was received.

The district has historically provided these additional goods and services outside of the contract due to prior management's desire to more fully support the community school activities.

We recommend the district comply with the contract terms. Any specific items to be provided to this organization should be enumerated in the contract for services. We further recommend that the contract establish an installment payment schedule which more closely parallels the timing of educational services provided.

2. Expenditures Of The District Should Be Limited To Appropriations

Expenditures of Montesano School District Capital Projects Fund and Debt Service Fund exceeded appropriations in the fiscal year 1992-93 as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
Capital Projects	\$2,115,029	\$2,137,195	\$22,166
Debt Service	652,633	671,841	19,208

RCW 28A.505.150 states in part:

Total budgeted expenditures for each fund as adopted in the budget of a school district shall constitute the appropriations of the district for the ensuing fiscal year and the board of directors shall be limited in the incurring of expenditures to the grand total of such appropriations. The board shall incur no expenditures for any purpose in excess of the appropriation for each fund . . .

Directors, officers or employees who knowingly or negligently violate or participate in a violation of this section by the incurring of expenditures in excess of any appropriation(s) shall be held civilly liable, jointly and severally

By incurring expenditures in excess of appropriations the district is in violation of the above statute and is subject to the civil liabilities as stated above.

The excess expenditures in the Capital Projects budget were incurred because the district officials did not monitor expenditures in time to adopt a resolution for budget extension before the final date of June 30. The excess expenditures in the Debt Service budget were incurred because the district officials incurred additional debt in the school year without adjusting the budgeted appropriations.

We recommend school district officials monitor the budget more closely and comply with the provisions of the aforementioned statute.